

HOUSE BILL 2719  
By Bone

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 56,  
relative to financing involving rail authorities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-56-205, is amended by deleting the word "and" at the end of subdivision (10), by deleting the period at the end of subdivision (11) and by adding the following new item thereto:

(12) Notwithstanding any provision of the law to the contrary, the directors may make contracts and execute instruments containing such covenants, terms, and conditions as, in the judgment of the directors, may be necessary, proper or advisable for the purpose of obtaining loans from financial institutions, by bonds or notes, for or in aid of the acquisition or improvement of the authority property and facilities; and may make all other contracts and execute all other contracts and execute all other instruments including without limitation, licenses, long or short term leases, notes, mortgages and deeds of trust and other agreements relating to property and facilities under its jurisdiction, and involving the construction, operation, maintenance, repair and improvement thereof, as in the judgment of the board of directors may be necessary, proper, or advisable for the furtherance of the authority business and in the full exercise of the powers herein granted; and the directors are authorized to carry out and perform the covenants, terms, and conditions of all such contracts or instruments.

SECTION 2. Tennessee Code Annotated, Section 7-56-208, is amended in the first sentence by deleting the colon after the word "matters", by substituting instead a comma, and by adding the following thereto:

except as otherwise specifically allowed herein:

SECTION 3. Tennessee Code Annotated, Section 7-56-208, is amended by deleting subdivision (1) in its entirety and by substituting instead the following:

(1)(A) To borrow money for any of its corporate purposes and issue its bonds or notes therefor, including refunding bonds or revenue anticipation notes, in such form and upon such terms as it may determine, payable out of any revenues of the authority, including grants or contributions from the federal government, state government or other sources, which bonds may be sold at public sale. Revenue bonds or notes may be issued for the above purposes and the authority may pledge as security for such bonds or notes all or any portion of the tolls, fees, rents, charges, or any other revenues derived from the operation of the railroad and related uses of properties. Any such fees, rents, or charges so pledged that are fixed and established pursuant to the provisions of a lease or contract shall not be subject to revision or change except in such manner as is provided in such lease or contract. Any bonds or notes issued pursuant to this part shall state on their face that they are payable as to principal and interest, solely from revenues of the authority and shall not constitute a debt of the state of any indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither a director of the authority nor any person executing such bonds or notes shall be liable personally thereon by reason of the issuance thereof;

(B) In case any of the directors or officers of the authority whose signatures appear on any bonds or coupons or notes cease to be directors or officers after authorization but before delivery of the bonds or notes, their signatures shall be valid and sufficient for all purposes. Any provision of the law to the contrary notwithstanding, any bonds or notes issued pursuant to this part shall be fully negotiable;

(C) Any bond or note reciting in substance that it has been issued by the authority pursuant to this part and for a purpose or purposes authorized by this part shall be conclusively deemed, in any suit, action, or proceeding involving the validity or enforceability of the bond or note or the security thereof, to have been issued pursuant to such provisions and for such purpose or purposes;

(D) Bonds or notes issued by the authority pursuant to the provisions of this part are declared to be issued for an essential public and governmental purpose, and together with interest thereon, and income therefrom, shall be exempt from all taxes. With respect to funding bonds, the provisions of § 9-11-108 shall apply; and

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.